

DEPARTMENT OF STATE REVENUE

Departmental Notice #5

September 2002

Reporting Employee Taxes Withheld

This document does not meet the definition of a 'statement' required to be published in the Indiana Register under IC 4-22-7-7. The purpose of this document is to provide general information about filing withholding tax information with the State of Indiana.

SUBJECT: Requirements for Certain Information Returns for Indiana Income Tax Purposes

REFERENCE: IC 6-2.1-1-17 (before its repeal), IC 6-3-4-8, IC 6-3-4-9

General Statement

Employers who make payments of wages subject to the Adjusted Gross Income Tax Act, and who are required to withhold Federal taxes pursuant to the Internal Revenue Code, are required to withhold Indiana state and county adjusted gross income taxes from employee's wages. In an attempt to reduce the amount of paper submitted to the Department, information exchange agreements between the Indiana Department of Revenue and the Internal Revenue Service now relieve the taxpayer from having to file a copy of certain information returns with the Department, unless there are state or county taxes withheld or unless requested by the Department.

Information returns that indicate the withholding of Indiana adjusted gross or county income tax must be submitted with Indiana Form WH-3. **Forms W-2, 1099R, and WH-18 currently satisfy this requirement.** The due date is the last working day of February.

Information returns that do not report withholding of Indiana adjusted gross or county income tax should not be submitted to the Department. Forms 1099-B,

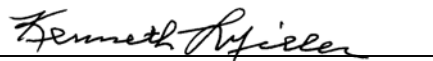
1099-DIV, 1099-INT, 1099-MISC and 1099-S are in this category. These returns must be maintained by the taxpayer for the statutory time period and made available to the Department upon request.

Magnetic Filing Information

Magnetic tapes/diskettes may be used to submit information returns. Form W-2 should be submitted using the format as specified in the latest version of the *W-2 Booklet Magnetic Media Reporting Specifications and Instructions*. This booklet may be downloaded from our web site at <http://www.in.gov/dor/taxforms/pdfs/w-2book.pdf>. Form 1099R and Form WH-18 are not allowed to be filed on magnetic media, and should be submitted on paper.

There is currently no requirement for filing any of these forms via magnetic media; however, the Department asks those employers with over 20 employees to file magnetically if possible. Prior authorization by the Department to file magnetically is not required. Test files are not accepted. Only those employers who are defined as authorized withholding agents may file magnetically. Employers who make payments of salaries, wages, tips, fees, bonuses, and commissions which are subject to Indiana state and/or county taxes, and who are required by the Internal Revenue Code to withhold federal income tax on these types of payments, are considered to be withholding agents (IC 6-2.1-1-17 (before its repeal), IC 6-3-4-8 and IC 6-3-4-9).

A properly completed Form WH-3 in duplicate must accompany all W-2 filings in the same package as the magnetic media. All withholding amounts, regardless of the form they are reported on, must be listed on the duplicate Form WH-3. Questions concerning use of magnetic tape, requests for the W-2 Booklet, or technical information concerning this type of reporting procedure should be directed to the Indiana Department of Revenue, Attn.: Magnetic Filing Coordinator, 100 North Senate Avenue, Indianapolis Indiana 46204-2253 or by phone at (317) 232-5656.



Kenneth L. Miller
Commissioner